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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

RECORDATION NO. 21692 FILED
SEP 30 '98 4-45 PM

OF COUNSEL
URBAN A. LESTER

September 30, 1998

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of a Memorandum of Locomotive Lease Agreement, dated as of September 30, 1998, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: Radnor Rail, Ltd.
150 Stafford Avenue, Suite 112
Radnor, Pennsylvania 19087

Lessee: Bangor & Aroostook Railroad Company
Route 2 Box 45
Bangor, Maine 04401

A description of the railroad equipment covered by the enclosed document is:

se forth on Exhibit A attached to the Lease Agreement

Counterparts -

RECEIVED
SURFACE TRANSPORTATION
BOARD
SEP 30 4 41 PM '98

Mr. Vernon A. Williams
September 30, 1998
Page 2

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/bg
Enclosures

RADNOR RAIL, LTD.

RECORDATION NO. 21692 FILED

SEP 30 '98

4-45 PM

MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT

dated as of September 30, 1998

between

RADNOR RAIL, LTD.

as Lessor

and

BANGOR & AROOSTOOK RAILROAD COMPANY

as Lessee


MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT is made and entered into as of September 30, 1998 by and between **RADNOR RAIL, LTD.**, a Pennsylvania corporation ("Lessor"), and **BANGOR & AROOSTOOK RAILROAD COMPANY**, a Maine corporation ("Lessee"), with reference to the following:

Lessor has leased to Lessee, and Lessee has leased from Lessor, thirteen (13) locomotives described more fully and bearing reporting marks and numbers as indicated on Exhibit A attached hereto, all as more particularly described in that certain Railroad Car Lease Agreement dated as of September 30, 1998 (the "Lease"), between Lessor and Lessee.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Locomotive Lease Agreement to be executed as of the date first above written.

RADNOR RAIL, LTD. (Lessor)

By: 
Name: Kent S. Zehner
Title: President

**BANGOR & AROOSTOOK RAILROAD
COMPANY (Lessee)**

By: _____
Name: _____
Title: _____

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IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Locomotive Lease Agreement to be executed as of the date first above written.

RADNOR RAIL, LTD. (Lessor)

By: _____
Name:
Title:

**BANGOR & AROOSTOOK RAILROAD
COMPANY (Lessee)**

By: Robert T. Schmitt
Name: Robert T. Schmitt
Title: President + CEO

STATE OF Pennsylvania, CITY OF Wayne, TO WIT:

On this 29th day of September, 1998 before me personally appeared, Kent L. Zehner to me personally known, who being by me duly sworn, says that he is an President of **RADNOR RAIL, LTD.**, a Pennsylvania corporation, that said instrument was signed on September 29, 1998 on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Karen W. Maffei
Notary Public

[Notarial Seal]

My Commission Expires:

Notarial Seal
Karen W. Maffei, Notary Public
Radnor Twp., Delaware County
My Commission Expires Dec. 4, 2000

Member, Pennsylvania Association of Notaries

STATE OF _____, CITY OF _____, TO WIT:

On this ____ day of _____, 1998 before me personally appeared, _____, to me personally known, who being by me duly sworn, says that he is a _____ of **BANGOR & AROOSTOOK RAILROAD COMPANY**, a Maine corporation, that said instrument was signed on _____, 1998 on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission Expires:

STATE OF _____, CITY OF _____, TO WIT:

On this ____ day of _____, 1998 before me personally appeared, _____, to me personally known, who being by me duly sworn, says that he is an _____ of **RADNOR RAIL, LTD.**, a Pennsylvania corporation, that said instrument was signed on _____, 1998 on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission Expires:

STATE OF Virginia, CITY OF Princeton, TO WIT:

On this 29 day of September, 1998 before me personally appeared, Robert T. Schmitt, to me personally known, who being by me duly sworn, says that he is a President of **BANGOR & AROOSTOOK RAILROAD COMPANY**, a Maine corporation, that said instrument was signed on September 29, 1998 on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission Expires:

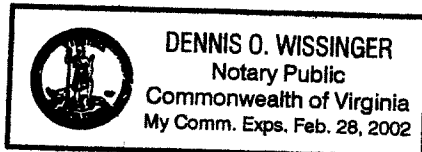


Exhibit A**Schedule of Locomotives****Thirteen (13) Locomotives Identified as Follows:****Allocated Purchase Price****EMD Locomotives**

- 7 - 1500 H.P. GP-7, Unit Nos. 60, 63, 67, 68
69, 70, 75
- 1 - 1750 H.P. GP-9, Unit No. 79
- 5 - 1500 H.P. GP-7R, Unit Nos. 20, 21, 22, 23, 24